

VZCZCXRO9371
RR RUEHROV
DE RUEHMS #1069 3411258
ZNY CCCCC ZZH
R 071257Z DEC 09
FM AMEMBASSY MUSCAT
TO RUEHC/SECSTATE WASHDC 1025
INFO ARAB ISRAELI COLLECTIVE

C O N F I D E N T I A L MUSCAT 001069

SENSITIVE
SIPDIS

E.O. 12958: DECL: 2019/12/07
TAGS: [PREL](#) [KPAL](#) [KWBG](#) [IS](#) [MU](#)
SUBJECT: OMAN: ISRAEL'S SETTLEMENT MORATORIUM DEMARCHE

REF: (A) STATE 122214; (B) MUSCAT 995; (C) MUSCAT 1063

CLASSIFIED BY: Richard J Schmierer, Ambassador, State, Exec; REASON:
1.4(B), (D)

11. (C) Summary: The Ambassador presented the demarche on Israel's Settlement Moratorium to the Omani Minister Responsible for Foreign Affairs on December 6. The FM replied that Israel will not stop settlement building, as it views the land as Israeli, not Palestinian. He also was convinced that President Mahmud Abbas will retire from the PA presidency. As he has worked the issue for 30 years, the FM then gave a selection of his views of the Israel-Palestine issue, concluding with Oman's contributions to Palestinian infrastructure. End Summary.

12. (C) The Ambassador used a meeting with Minister Responsible for Foreign Affairs Yusuf bin Alawi bin Abdullah (YbA) on December 6 to raise ref A demarche on Israel's settlement moratorium. [Note: YbA had called in the Ambassador in early November when the international press incorrectly implied a change in U.S. policy over the settlements, reported in ref B. End note.] YbA's response to the demarche was direct: "No one [in the Arab world] will buy it." YbA was adamant that Israel will not permanently stop settlement activity as it does not see the land as Palestinian territory.

13. (C) YbA confirmed that he had met with Israeli officials who were in Muscat in November for the biannual Middle East Desalination Research Center (MEDRC) board meeting (ref C). He noted that the Israelis stated to him outright that Israel is building on what it sees as its own territory.

14. (C) YbA then noted his 30 years of working the Palestine issue and shared some of his ideas. He ventured that in a mirror image of the China-Hong Kong merger resulting in one state and two systems, a successful future for Israel and Palestine will have to be a two-state and one-system arrangement. His vision is a region where Palestinians and Israelis live in each others' territories. He thinks the two groups should live together, there should be an integrated and shared infrastructure - and the private sector should "run the show."

15. (C) YbA said his wish is for Fatah and Hamas to reconcile. However, he did not address the need for Hamas to renounce violence and terrorism. He cautioned the U.S. to "be quiet, the last time you spoke, Hamas won the election." He said that he is certain that President Abbas will in fact retire (from the PA presidency, but not the PLO chairmanship), that he will not be convinced to stay on.

¶6. (C) He continued that he understands the U.S. position and is sympathetic. "You have limited ability, and your leverage is limited." However he went on to also say that Israel is in a difficult position, in the middle of a larger Arab world, "and how long will U.S. support last?"

¶7. (C) Turning to the needs of the Palestinian Authority, YbA noted that there are two different material needs. One is direct financial contributions so that the Authority can run its budget. The second is assistance to rebuild infrastructure such as schools and hospitals. The latter course is Oman's current approach to supporting the Palestinians. [Note: Earlier this year, in response to a direct U.S. request, Oman broke from this traditional position to donate \$3 million in direct budget support. End Note.]
Schmierer